

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

SB 3912 - HB 3780

March 5, 2010

SUMMARY OF BILL: Effective October 1, 2010, increases from five to eight years the renewal cycle for a driver license or photo identification. Increases by \$2 per year, the fee for a license or photo-identification. Authorizes the Commissioner of the Department of Safety to issue initial licenses for valid periods of three to eight years in order to transition to an eight year renewal cycle.

ESTIMATED FISCAL IMPACT:

On February 23, 2010 we issued a fiscal note for this bill indicating an *increase to state revenue of \$21,100,000/FY10-11, \$21,900,000/FY11-12, \$22,200,000/FY12-13, \$27,000,000/FY13-14, \$30,900,000/FY14-15, \$31,100,000/FY15-16, \$41,000,000/FY16-17, \$32,700,000/FY17-18, \$41,000,000/FY18-19, \$31,500,000/FY19-20, Exceeds \$31,000,000/FY20-21 and Subsequent Years (An amount of \$21,900,000 is included in the Governor's FY10-11 Recommended Budget); a one-time increase to state expenditures of \$56,100 (Reflected in the Governor's FY10-11 Recommended Budget).* Based on additional information, the fiscal impact for this bill is estimated as follows:

(CORRECTED)

**Increase State Revenue – \$21,100,000/FY10-11
\$21,900,000/FY11-12
\$22,200,000/FY12-13
\$27,000,000/FY13-14
\$30,900,000/FY14-15
\$31,100,000/FY15-16
\$41,000,000/FY16-17
\$32,700,000/FY17-18
\$41,000,000/FY18-19
\$31,500,000/FY19-20
Exceeds \$31,000,000/FY20-21 and Subsequent Years**

(A first-year net revenue of \$21,100,000 and recurring revenue of \$21,900,000 is included in the Governor's FY10-11 Recommended Budget.)

Increase State Expenditures – \$56,100/One-Time

(Reflected in Governor's FY10-11 Recommended Budget)

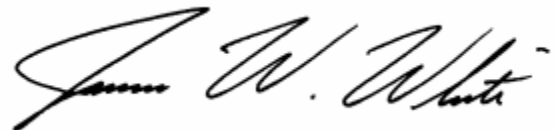
SB 3912 - HB 3780 (CORRECTED)

Assumptions:

- According to the Department of Safety (DOS), changes to the current computer system will require 660 programming hours at \$55 per hour and an additional 330 hours at \$60 per hour. Total one-time expenditures will be \$56,100 [(660 hours x \$55) + (330 hours x \$60) = \$56,100].
- Beginning October 1, 2010 licenses will be staggered in five-year, six-year, and eight-year renewal cycles to maintain an even flow of traffic in license stations. In FY10-11 25 percent of applicants will receive a five-year license, 25 percent will receive a six-year license, and 50 percent will receive an eight-year license. In FY11-12 and FY12-13, 50 percent will receive a five year-year license, 25 percent will receive a six-year license, and 25 percent will receive an eight-year license. Fees for five and six-year licenses will be prorated to reflect the fee increase. In FY13-14, 25 percent will receive a five-year license, 25 percent will receive a six-year license, and 50 percent will receive an eight-year license. In FY14-15, 25 percent will receive a five-year license and 75 percent will receive an eight-year license. Beginning in FY15-16 all licenses will be issued for eight-year cycles.
- In FY10-11, state revenue will increase by \$21,100,000. Due to the effective date, this bill will be effective for nine months of FY10-11 beginning October 1.
- In FY11-12 state revenue will increase by \$21,900,000. In FY12-13 state revenue will increase by \$22,200,000. In FY13-14 state revenue will increase by \$27,000,000. In FY14-15 state revenue will increase by \$30,900,000. In FY15-16 state revenue will increase by \$31,100,000. In FY16-17 state revenue will increase by \$41,000,000. In FY17-18 state revenue will increase by \$32,700,000. In FY18-19 state revenue will increase by \$41,000,000. In FY19-20 state revenue will increase by \$31,500,000.
- In FY20-21 and subsequent years, recurring state revenue will increase by an average exceeding \$31,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jaw